



**U.S. Immigration
and Customs
Enforcement**

July 10, 2006

News Release

Two men plead guilty to cigarette racketeering enterprise that funded Hezbollah

DETROIT — Two men pleaded guilty Friday to charges of conspiracy to violate the “Racketeer Influenced and Corrupt Organizations Act” (RICO), U.S. Attorney Stephen J. Murphy announced today.

Imad Majed Hamadeh, 51, of Dearborn Heights, and Theodore Schenk, 73, of Miami Beach, Fla., pleaded guilty here before U.S. District Judge Gerald E. Rosen to the following charges: operating a criminal enterprise to traffic in contraband cigarettes, counterfeit Zig Zag rolling papers and counterfeit Viagra; producing counterfeit cigarette tax stamps; transporting stolen property; and money laundering. Sixteen other defendants faced the same charges. Some of the profits derived from the illegal enterprise were given to Hezbollah, a Designated Foreign Terrorist Organization (DFTO), according to the indictment. The enterprise operated from: Lebanon, Canada, China, Brazil, Paraguay and the United States. Hamadeh and Schenk face a maximum possible penalty of 20 years imprisonment and a \$250,000 fine.

U. S. Attorney Murphy was joined in the announcement by: Daniel D. Roberts, special agent in charge of the Detroit FBI; Valerie J. Goddard, special agent in charge, Bureau of Alcohol, Tobacco, Firearms and Explosives; Brian M. Moskowitz, special agent in charge, U.S. Immigration and Customs Enforcement (ICE); Maurice Aouate, special agent in charge of the Detroit Field Office of the Internal Revenue Service Criminal Investigation; and Michael Cleary, special agent in charge, FDA-Office of Criminal Investigation.

“Combating terrorism and protecting our citizens at home and abroad, is the Department of Justice’s number one priority. Raising money for designated terrorist organizations, like Hezbollah, is a serious crime which will be vigorously pursued in the Eastern District of Michigan,” U.S. Attorney Murphy said. “We will do everything we can to expose, disrupt and prevent any all criminal activity which supports terrorist organizations.”

According to Brian M. Moskowitz, special agent in charge of U.S. Immigration and Customs Enforcement, Office of Investigations in Detroit, "ICE will continue to work with other law enforcement agencies to dismantle criminal organizations. Racketeering is a serious crime and ICE will continue to investigate those who exploit our borders to facilitate their criminal enterprise."

Also named in the indictment and currently awaiting a Jan. 7 trial are: Karim Hassan Nasser, 37, of Windsor, Ont.; Fadi Mohamad-Musbah Hammoud, 33, of Dearborn; Majid Mohamad Hammoud, 39, of Dearborn Heights; Jihad Hammoud, 47, of Dearborn; Youssef Aoun Bakri, 36, of Dearborn Heights; Ali Najib Berjaoui, 39, of Dearborn; Mohammed Fawzi Zeidan, 41, of Canton; and Adel Isak, 37, of Sterling Heights. An indictment is only a charge, and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

Others charged in the indictment, who are currently wanted as fugitives, believed to be outside the United States, are: Imad Mohamad-Musbah Hammoud, 37 of Lebanon, formerly of Dearborn; Hassan Ali Al-Mosawi, 49, of Lebanon; Hassan Hassan Nasser, 36, of Windsor, Ont.; Ali Ahmad Hammoud, 64, of Lebanon; Karim Hassan Abbas, 37, formerly of Dearborn; Hassan Mohamad Srouf, 30, of Montreal, Quebec; Naji Hassan Alawie, 44, of Windsor, Ont.; and Abdel-Hamid Sinno, 52, of Montreal, Quebec.

The indictment alleges that Imad Hammoud, along with his partner, Hassan Makki, ran a multi-million dollar per year contraband cigarette-trafficking organization headquartered in the Dearborn, Mich., area between 1996 and 2002. Makki pleaded guilty in 2003 in federal district court in Detroit to racketeering and providing material support to Hezbollah. Some of the cigarettes were supplied to the organization by Mohamad Hammoud, who was convicted in 2002 in federal district court in Charlotte, N.C., of, among other crimes, racketeering and providing material support to Hezbollah. Makki and Mohamad Hammoud, who were not charged in the indictment unsealed today, were identified as un-indicted co-conspirators. They both are currently serving prison sentences relating to their activities in this matter.

The indictment further charges that the group obtained low-taxed or untaxed cigarettes in North Carolina and the Cattaraugus Indian Reservation in New York, and brought them into Michigan and the State of New York for the purpose of evading tens of millions of dollars in state cigarette taxes. The enterprise obtained large profits by reselling the cigarettes at market prices in Michigan and New York. The enterprise sometimes used counterfeit tax stamps to make it appear that the state taxes had been paid.

According to the indictment, portions of the profits made from the illegal enterprise were given to Hezbollah. Some members of the enterprise charged a "Resistance Tax," being a set amount over black market price per carton of contraband cigarettes, which their customers were told would be going to Hezbollah. Some members of the enterprise also solicited money from cigarette customers for "the orphans of martyrs program" run by Hezbollah in Southern Lebanon to support the families of Hezbollah suicide bombers and other terrorist operations.

In announcing the guilty pleas, U.S. Attorney Stephen J. Murphy commended the work of the FBI; the Bureau of Alcohol, Tobacco, Firearms and Explosives; special agents of U.S. Immigration and Customs Enforcement; the Internal Revenue Service; the Food and Drug Administration; Michigan State Police; and the Dearborn Police Department. Assistant U.S. Attorneys Kenneth R. Chadwell and Barbara L. McQuade are prosecuting this case.

ICE

U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.